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March 3, 2005

**VIA HAND DELIVERY**

The Honorable Charles Terreni  
Chief Clerk and Administrator  
The Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Petition of Duke Power, a Division of Duke Energy Corporation, for an Accounting Order, Effective January 1, 2005.

Dear Mr. Terreni:

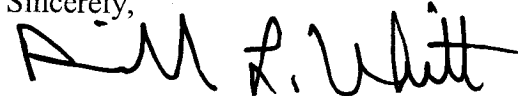
Attached is the original Petition of Duke Power, a division of Duke Energy Corporation, ("Duke"), with exhibit "A", along with 10 copies of the same, relevant to the above-referenced matter.

Note that Exhibit "A" is voluminous and we have only provided one copy. Please have your staff contact us if additional copies are needed. We have provided a Certificate of Service showing that a copy has been provided to the South Carolina Office of Regulatory Staff.

For the convenience of the Commission, we have enclosed a Proposed Order. Please let us know if you have any questions or concerns.

With kind regards, we are

Sincerely,



William F. Austin  
Richard L. Whitt


RLW/rgw

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## CERTIFICATE OF SERVICE

**VIA HAND DELIVERY**

  
Rhonda G. Wimberly

March 3, 2005

112118  
**ACCEPTED**  
Legal 20334-05

**THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2005-42-E**

SC PUBLIC SERVICE  
COMMISSION

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**IN RE:**      Petition of Duke Power,                                 )  
                a Division of Duke Energy Corporation,         )  
                for an Accounting Order,                            )  
                Effective January 1, 2005                         )

**PETITION**

1. Its general offices are at 422 South Church Street, Charlotte, North Carolina, and its mailing address is:

Duke Power  
422 South Church Street, PBO5E  
Charlotte, North Carolina 28202

2. The name and address of Petitioner's attorneys are:

Lawrence B. Somers, Assistant General Counsel  
Duke Power, a division of Duke Energy Corporation  
P.O. Box 1244, PBO5E  
Charlotte, North Carolina 28201-1244  
(704) 382-8142

William F. Austin  
Richard L. Whitt  
Austin, Lewis & Rogers, P.A.  
508 Hampton Street  
Columbia, South Carolina 29201  
(803) 256-4000

3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

4. Duke Power is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in the central portion of North Carolina and the western portion of South Carolina, and is subject to the jurisdiction of this Commission.

5. Duke Power states that its depreciation rates were last changed in Order Number 91-1022, issued on November 18, 1991, in Docket No. 91-216-E. As a result of Duke Power's receipt of renewed operating licenses from the Nuclear Regulatory Commission for all of its nuclear units, Duke Power has determined that it is appropriate to update its depreciation rates.

6. Accordingly, Duke Power has completed a depreciation expense study of its utility plant, which is attached hereto as Exhibit "A", filed of even date with this Commission and served on the South Carolina Office of Regulatory Staff, as evidenced by the enclosed Certificate of Service.

7. Duke Power requests that the Commission issue an Accounting Order, whereby Duke Power will adopt new depreciation rates, as reflected in the filed depreciation study, effective January 1, 2005.

8. The adoption and implementation of the new depreciation rates will not involve a change to any of Duke Power's rates or prices, or any Commission rule, regulation or policy. In addition, Duke Power notes that issuance of the requested Accounting Order will not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

9. §58-27-870(F) (Supp. 2004) of the S.C. Code Ann. allows this Commission to put new rates into effect without notice and hearing, upon Order, when the rates do not result in any rate increase to the electrical utility. The depreciation rates that Petitioner requests to adopt and implement in the present case fit into this category, therefore no notice and/or hearing is necessary under the law.

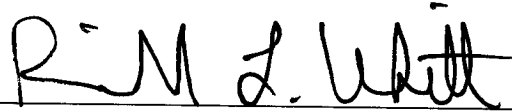
10. Duke Power agrees that this Accounting Order is not to be precedential to future rate setting Orders.

11. Duke Power requests that this Commission: (i) inquire into the relief sought in this Petition, (ii) review the depreciation study provided by Duke Power, (iii) conclude that the relief requested in the Petition should be granted as filed, (iv) find that a notice and hearing are not required, pursuant to §58-27-870(F) (Supp. 2004) of the S.C. Code Ann., (v) issue the requested Accounting Order with the new depreciation rates, retroactively and effective January 1, 2005, and (vi) such other and further relief as this Commission may deem just and proper.

WHEREFORE, Petitioner prays that pursuant to §58-27-870(F) (Supp. 2004) of the S.C. Code Ann., that this Commission issue an Accounting Order as requested hereinabove.

This the 3<sup>rd</sup> day of March, 2005.

Lawrence B. Somers  
Assistant General Counsel  
Duke Power, a division of Duke Energy Corporation  
P.O. Box 1244, PBO5E  
Charlotte, North Carolina 28201-1244  
(704) 382-8142

A handwritten signature in black ink, appearing to read "R. M. L. Whitt", written over a horizontal line.

William F. Austin  
Richard L. Whitt  
Austin, Lewis & Rogers, P.A.  
508 Hampton Street  
Columbia, South Carolina 29201  
(803) 256-4000

Attorneys for Petitioner Duke Power

Columbia, South Carolina

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## ORDER

The Company states that adoption and implementation of the new depreciation rates will not involve a change to any of Duke Power's rates or prices, or any Commission rule, regulation or policy. In addition, Duke Power's Petition notes that

issuance of the Accounting Order does not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

S.C. Code Ann. §58-27-870(F) (Supp. 2004) states that this Commission may put new rates into effect without notice and hearing, upon Order, when the rates do not result in any rate increase to the electrical utility. The depreciation rates that Duke requests to adopt and implement in the present case fit into this category, therefore no notice and/or hearing is necessary under the law.

We have examined the Petition and the depreciation study provided by the Company and have concluded that the relief requested in the Petition should be granted as filed. Accordingly, we issue the requested accounting order. The depreciation rates as proposed by Duke Power are hereby adopted effective January 1, 2005. However, we would note that this accounting order is not to be precedential to future rate setting Orders.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

\_\_\_\_\_  
Randy Mitchell, Chairman

ATTEST:

\_\_\_\_\_  
G. O'Neal Hamilton, Vice Chairman

(SEAL)